

CNI ABCM Business Rules

Objective:

The objective of this document is to establish consistent rules for conducting Activity-Based Costing and Management (ABCM) business operations involving the Data Collection Tool (DCT), ABC model, and OLAP reporting tool, COGNOS, in order to maintain consistency and integrity of data across all regions under the purview of Commander, Navy Installations (CNI).

Data Collection Tool (DCT):

DCT User Population:

1. The DCT is considered an “all-hands” tool. Data entry to the DCT is required of all hands. It is a recognized fact that not all regional personnel have direct access to a personal computer and therefore the ABC program manager has approved certain groups of personnel (e.g., fire-fighters and security) for exemption from “individual” data entry to the DCT. Designated supervisors have been approved to complete a “Group Assignment” for these personnel on a regular basis.
2. All regional personnel will be required to input a percentage of their time spent performing activities via completion of a “Labor Assignment” in the DCT. The only exception is contractor personnel. Contractor personnel do not have access at this time to the DCT, and therefore are not required to provide data entry in the DCT. The cost of contractor personnel is collected as “purchased services” in the non-labor data and is assigned to the supporting activities via completion of a “Non-labor Assignment” in the DCT by designated program personnel.

User Profile and Activity Selection:

1. In general, employees should select activities for the location (2 digit prefix in the DCT) where the work is being performed. If, however, it is clear that the work being performed at one location is for another location AND it is clear what the division of labor is, then the other location(s)’ activities should be selected.
 - a. Example 1: If an individual in the HQ business office (Command/Staff function) is doing budgeting for all the bases and it is not clear what the breakout for each base would be, then only the HQ budgeting activity should be selected.
 - b. Example 2: If an individual in Yokosuka Port Ops is clearly doing Port Ops work for Okinawa, then the Okinawa Port Ops activity should be selected.
 - c. Example 3: If the employee is TDY or on loan to another organization, then that individual should select that organization’s activities.
2. Personnel “moonlighting” and having more than one job with different salary sources (i.e. military personnel performing MWR activities on their off-duty time have both military and NAF civilian pay) should assign their percent of time to the activities they perform while on duty. They should not assign any percent of

time to MWR activities in their individual activity profiles, as the MWR supervisor will make the assignment to MWR activities by completing a “Group Assignment” in the DCT.

3. To create an activity profile, activities should be selected based upon what an individual does when they come to work, not what they come to work to do. If primary activities are performed under a specific program, but work is also performed for other programs or Command/Staff, ALL activities across programs that represent a significant amount (i.e. 5% or more) of an individual’s time should be added to the activity profile. All activities should be included regardless of the functional area where an individual performs most of their work. Military personnel should have the activity Support Military Duties¹ included in their profile in addition to activities relevant to their functional tasks.
4. Percentage of time spent on budget execution, purchased services, data calls, budget planning, travel, and training is attributable to program management of activities performed within a program (i.e. percentage of time spent traveling to and from the worksite or attending meetings should be assigned to the activities for which the travel or meeting supported).
5. For “dual-hatted” personnel (i.e. PD and CO), the administrative code for the CO takes precedence in the DCT. For activity profile purposes, the individual should identify activities in support of both responsibilities.
6. Percentage of time spent in support of the Executive Steering Committee meeting, Program Manager meeting, and the Customer Advisory Board (i.e., preparation, planning, travel, and attendance) should be assigned to the activity titled: Facilitate ESC, PM, and CAB.

Labor Assignments:

1. A “Labor Assignment” completed by the individual via the DCT is the preferred method of resource assignment. All labor assignments must be visible and verified through the DCT.
2. At least two supervisors (i.e., primary and back-up) must be identified for each ABC organization code as the person(s) responsible for completing, validating, and submitting the “Group Assignment” in the DCT once a month. One supervisor may be responsible for group assignments in more than one ABC org code. The ABC org codes may consist of several regional admin codes.
3. A supervisor within an organization may not complete a “Labor Assignment” for another individual; unless that individual is the only person in the organization and the supervisor is completing a “Group Assignment” in the DCT (i.e., the

¹ Support Military Duties: Includes all activities supporting military collateral duties/programs including Equal Opportunity, Urinalysis Program, Command Fitness Program, Dependency Care Coordinator, Physical Readiness Training (PRT), Savings Bond Coordinator, Watch standing (CDO, OOD, quarterdeck), and Advisory Board Unit Rep. This also includes medical and dental appointments, General Military Training (GMT), INDOC, LTC, inspections, awards, ceremonies, and other miscellaneous military duties as assigned that do not fall under other specific functional areas. DOES NOT INCLUDE: Auxiliary Security Force (ASF) training or duty. Drug and Alcohol Abuse Ed Programs may be assigned to activity 'Provide Drug & Alcohol Support Services.'

- supervisor may not login as another individual and complete an assignment for that individual).
4. To the extent possible, group labor assignments should be minimized and restricted to those organizations that do not have access to computers, where the job functions are the same from period to period, or where CNI prior approval has been granted.
 5. The “Military Hours” field will be mandatory in the DCT for all regions in order to calculate full time equivalents (FTE). Only military hours will be collected in the DCT. Civilian hours will be collected through legacy source data.
 - a. The default monthly value for military hours will be 173 hours if no input is received from the end-user.
 - b. Military personnel must enter total hours worked for each monthly period (e.g. all hours spent “standing watch” should be included in the total hours worked).
 6. Percentages of time entered via “Labor/Group Assignments” (i.e., resource driver quantities) will not copy from period to period (i.e., percentages will not copy from month to month)
 7. Data entry errors can be corrected within the same period. Only substantial errors will be corrected for prior periods.

Allocation of Source Data and Non-Labor Assignments:

1. Pass-through dollars, (i.e., electricity provided to the ships and not BOS funded), are not to be included in the models.
2. Every org or admin code will be assigned utilities costs. Utility dollars will flow first to the building (assigned outside the model) by meter, engineering estimate, or other reasonably accurate method. Once the dollars are assigned to the building, and then they are assigned to an N-code or tenant occupying the building at the branch level by FTE, sq ft, or other direct method. The N-code finally assigns the utility costs to activities by completing a “Non-labor Assignment” in the DCT.
3. Unless centrally managed, all non-labor dollars will be allocated first to the org code that consumed them, and then assigned to the activities performed by the org code via a “Non-Labor Assignment” in the DCT.

Activity Drivers:

1. Activity drivers ideally will have a cause and effect relationship between the activities and the cost objects (i.e., customers).
2. Each activity must have an activity driver with collectible quantities for each customer of that activity.
3. Activity drivers will have the same definition and be applied consistently within all models. Activity driver definitions will be reviewed each fiscal year for applicability.
4. Activity driver changes must be approved by CNI. Once an activity driver has been identified for an activity there will be no revisions to that driver without prior approval from CNI.

5. Amounts entered as activity driver quantities will copy from period to period until updated (i.e., the activity driver quantities will copy from month to month until the quantity is revised).
6. Data entry errors can be corrected within the same period. Only substantial errors will be corrected for prior periods (e.g., a substantial data entry error would be recording the activity driver quantity for # of Gallons Aviation Fuel as 100 when it should have been 100,000).
7. There are two driver types identified in the DCT, shared (non-unique) and unique. A shared driver is an activity driver that can be used by multiple activities, whereas a unique driver is an activity driver that is specific to the performance of one activity. Driver quantities for both driver types will be collected in the Driver Quantity assignment screen of the DCT. However the Activity to Customer assignment for the two driver types will be different. If the activity is using a unique driver both the Driver Quantity and the Activity to Customer assignments will be completed from the Driver Quantity Assignment screen (one step to complete). Whereas, if the activity is using a shared (non-unique) driver the driver quantity will be completed on the Driver Quantity Assignment screen, and the activity to customer assignment will be completed on the Activity to Customer Assignment screen (two steps to complete).

Model:

Resource Module:

1. All models are full cost models. A full cost model is one in which, at a minimum, all costs (resources) to provide base operations support (BOS) to the region are included. To the extent practical, external resources shall also be included. Following are the resource types that will be included in the resource module:
 - a. Labor: all personnel costs including salaries and any fringe benefits.
 - b. Non-Labor: cost of purchased services, equipment, and supplies consumed by the region.
 - c. External Resources: resources that are not BOS funded, but provide a recurring BOS function or service to the region. External resources are further defined as those resources that if eliminated, the region would have to consider funding those BOS functions for continued service.
2. External Resources will be assigned monthly as a non-labor resource. They should be reviewed and updated periodically (e.g., quarterly, semi-annually) as needed to remain current. External Resources must meet the following criteria for inclusion in the ABC model:
 - a. Identified as an annual or monthly cost to the program
 - b. Critical to program success (i.e., the program would be compromised without this resource).
 - c. Certifiable (i.e., supportable by documentation).
3. Since this is a cost model, revenue is not included.
4. Resource categories will include labor and non-labor types. Non-labor data is typically to the expense element level.
5. There will be consistency in the type of source system data.

- a. Civilian pay source system: all regions will use actual payroll costs
 - b. Non-labor source system: All models will use Accounts Payable and Expenditures as the data source for non-labor.
 - c. Military pay source system: all regions will use actual payroll costs.
- 6. Resource costs should be identified to the branch level in the organizational structure. All resources will be assigned to regional organizational codes. Unassigned labor resources are those labor costs whose organizational code has not been determined. Resource dollars will be loaded into the resource module and calculated as a cost throughout the model.
- 7. Both dollars and FTE (military and civilian) are to flow through the model (i.e., resource to activity to customers). Models will calculate FTE for all labor categories:
 - a. Both civilian and military hours are collected to calculate FTE.
 - i. Civilian total hours will be downloaded from legacy systems.
 - ii. Military hours will be collected in the DCT. The “military hours” field in the DCT will be mandatory for all regions. The default monthly value for military hours will be 173 hours if no input is received from the end-user.
 - iii. NAF total hours will be collected via the legacy system.
 - b. The work-year value to use for calculating FTE will be 2080 hours. One FTE is equivalent to 2080 total productive hours (i.e., leave, sick –time, vacation, on-call, and standing watch).
 - c. If the data to calculate FTE is not available, or is unreliable, head count will be used as a substitute for FTE.
- 8. The target for resource cost assignment to activities is 100%. However, a minimum of 95% of total resources assigned to activities is acceptable. Unassigned resources occur when the resource module/cube total is greater than the activity module/cube total.
- 9. Each region should conduct a reconciliation and resolution for resources that were not assigned to the Resource Module.
- 10. There will be no resource-to-resource reassignments in the model without prior approval from CNI.

Activities Module:

- 1. All activity dictionaries will be standard across regions to Level 4 of the Installation Management Accounting Project (IMAP) 2005 core business model.
- 2. All models’ activities must roll-up to Level 4 of IMAP 2005.
- 3. Each activity will have a customer or set of customers.
- 4. Each region should conduct a reconciliation and resolution for resources from the Resource Module that were not assigned to activities.
- 5. There will be no activity-to-activity reassignments in the model without prior approval from the CNI.